

**HUMBOLDT STATE UNIVERSITY
SPONSORED PROGRAMS FOUNDATION**

**BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,**

AND

SINGLE AUDIT REPORTS

**Including Schedules Prepared for
Inclusion in the Financial Statements of the
California State University**

Year Ended June 30, 2012

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 8
BASIC FINANCIAL STATEMENTS:	
Statement of Net Assets	9
Statement of Revenues, Expenses, and Changes In Net Assets	10
Statement of Cash Flows	11 - 12
Notes to Financial Statements	13 - 23
SUPPLEMENTARY INFORMATION:	
Schedule of Net Assets	24
Schedule of Revenues, Expenses, and Changes in Net Assets	25
Other Information	26 - 31
Notes to Supplementary Information	32
SINGLE AUDIT REPORTS:	
Report on Internal Control Over Financial Reporting and on Compliance and other Matters Based on An Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	33 - 34
Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	35 - 36
Schedule of Expenditures of Federal Awards	37 - 42
Notes to Schedule of Expenditures of Federal Awards	43
Schedule of Findings and Questioned Costs	44 - 45
Notes to Schedule of Findings and Questioned Costs	46

John B. Hunter, CPA
James A. Hunter, CPA
Scott E. Hunt, CPA/ABV
Donna L. Taylor, CPA, CFE



Eileen Sacra Capaccio, CPA
Carol Mayes, CPA, CFE
Kim Windsor, CPA/ABV
Jennifer J. Hillegeist, CPA
Patrick M. Shanahan, CPA

INDEPENDENT AUDITORS' REPORT

Humboldt State University Sponsored Programs Foundation
Board of Directors
Arcata, California

We have audited the accompanying financial statements of the business-type activities of Humboldt State University Sponsored Programs Foundation (the Foundation) as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Humboldt State University Sponsored Programs Foundation as of June 30, 2012, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, Humboldt State University Sponsored Programs Foundation adopted Governmental Accounting Standards Board financial reporting as of and for the fiscal year ending June 30, 2012. Previously, the Foundation utilized Financial Accounting Standards Board financial reporting.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2012, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United State of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The supplementary information, including the schedule of net assets, the schedule of revenues, expenses and changes in net assets, and other information on pages 24 through 32, are presented for purposes of additional analysis and are not required parts of the financial statements. The accompanying schedule of expenditures of federal awards on pages 37 through 42 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hunter, Hunter & Hunt

September 28, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

HUMBOLDT STATE UNIVERSITY
SPONSORED PROGRAMS FOUNDATION

Management's Discussion and Analysis

June 30, 2012

This section of Humboldt State University Sponsored Programs Foundation (the Foundation) annual financial report presents the Foundation's discussion and analysis of the financial performance of the Foundation for the fiscal year ended June 30, 2012. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

After reassessing its articles of incorporation and bylaws, the Foundation determined that it meets the definition of a governmental entity and thus adopted Governmental Accounting Standards Board (GASB) financial reporting. Previously, the Foundation utilized Financial Accounting Standards Board (FASB) financial reporting. The primary basic financial statement items affected by the change in accounting treatment for the Foundation are the functional presentation of operating expenses, capital and noncapital gifts, and investment income. Adoption of GASB financial reporting principles had an effect on the Foundation's beginning net assets. See Note 1.

Due to the differences in accounting treatment and presentation of results, it is management's determination that it is not practical to present the basic financial statements reflecting prior year comparative information. As such, the Foundation is presenting financial results as of June 30, 2012, and the fiscal year then ended in a single year format. Management will make reference in its discussion and analysis to certain financial results and statistics from the prior year not impacted by the GASB to FASB conversion. Comparative analysis will be presented in future years' basic financial statements.

Introduction to the Financial Statements

This report consists of a series of financial statements prepared in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. This standard is applicable to the Foundation as it is a component unit of Humboldt State University (the University). Consistent with the University, the Foundation has adopted the business-type activity (BTA) reporting model to represent its activities.

The financial statements include the statement of net assets; the statement of revenues, expenses, and changes in net assets; and the statement of cash flows. These statements are supported by the notes to the financial statements and this section. All sections must be considered together to obtain a complete understanding of the financial picture of the Foundation.

Statement of Net Assets – The statement of net assets includes all assets and liabilities. Assets and liabilities are generally reported on an accrual basis, as of the statement date. It also identifies major categories of restrictions on the net assets of the Foundation.

Statement of Revenues, Expenses, and Changes in Net Assets – The statement of revenues, expenses, and changes in net assets presents the revenues earned and expenses incurred during the year on an accrual basis.

Statement of Cash Flows – The statement of cash flows presents the inflows and outflows of cash for the year and is summarized by operating, noncapital financing, capital and related financing, and investing activities. The statement is prepared using the direct method of cash flows and, therefore, presents gross rather than net amounts for the year's activities.

HUMBOLDT STATE UNIVERSITY
SPONSORED PROGRAMS FOUNDATION

Management's Discussion and Analysis

June 30, 2012

Analytical Overview

Summary

The following discussion highlights management's understanding of the key financial aspects of the Foundation's financial activities. Included is an analysis of current year activities and balances and a discussion of restrictions of Foundation net assets.

The Foundation's condensed summary of net assets as of June 30, 2012 and 2011, is as follows:

Condensed Summary of Net Assets

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Assets:				
Current assets	\$ 8,518,796	\$ 9,270,741	\$ (751,945)	-8%
Capital assets, net of accumulated depreciation	1,703,350	1,658,199	45,151	3%
Other noncurrent assets	<u>37,000</u>	<u>339,188</u>	<u>(302,188)</u>	-89%
Total assets	<u>10,259,146</u>	<u>11,268,128</u>	<u>(1,008,982)</u>	-9%
Liabilities:				
Current liabilities	2,681,361	3,468,869	(787,508)	-23%
Other noncurrent liabilities	<u>31,253</u>	<u>212,046</u>	<u>(180,793)</u>	-85%
Total liabilities	<u>2,712,614</u>	<u>3,680,915</u>	<u>(968,301)</u>	-26%
Net assets:				
Invested in capital assets, net of related debt	1,703,350	1,658,199	45,151	3%
Restricted, nonexpendable	-	-	-	0%
Restricted, expendable	-	5,591,719	(5,591,719)	0%
Unrestricted	<u>5,843,182</u>	<u>337,295</u>	<u>5,505,887</u>	1632%
Total net assets	<u>\$ 7,546,532</u>	<u>\$ 7,587,213</u>	<u>\$ (40,681)</u>	-1%

Assets

Total assets decreased \$1.0 million from prior year due to a \$0.7 million decrease in current assets and a \$0.3 million decrease in noncurrent assets.

Total current assets decreased \$0.7 million primarily due to a decrease in cash and short term investments of \$1.6 million, offset by an increase in receivables of \$0.9 million. The decrease in cash and short term investments is primarily due to spending of advance payments from grant funders. The increase in receivables is due to an increase in grant-funded activities in the current year.

Other noncurrent assets decreased \$0.3 million primarily due to a \$0.3 million decrease in investments in property holdings. The decrease is due to a sale of property held as an investment.

HUMBOLDT STATE UNIVERSITY
SPONSORED PROGRAMS FOUNDATION

Management's Discussion and Analysis

June 30, 2012

Liabilities

Total current liabilities decreased \$0.8 million due to a \$1.1 million decrease in deferred revenue primarily related to spending of advance payments from grant funders offset by a \$0.3 million increase in accounts payable.

Net Assets

Total net assets decreased \$0.04 million from the prior year due to the net loss generated for the year ended June 30, 2012. Unrestricted net assets represent all other net resources available to the Foundation for general institutional and research-related obligations.

Operating Results

The Foundation's condensed summary of revenues, expenses, and changes in net assets for the years ended June 30, 2012 and 2011, is as follows:

Condensed Summary of Revenues, Expenses, and Changes in Net Assets

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating revenues:				
Grants and contracts	\$ 17,543,509	\$ 16,219,818	\$ 1,323,691	8%
Indirect cost	1,682,934	1,583,252	99,682	6%
Other operating revenues	<u>1,250,028</u>	<u>-</u>	<u>1,250,028</u>	100%
Total operating revenues	20,476,471	17,803,070	2,673,401	15%
Operating expenses	<u>(20,485,425)</u>	<u>(20,103,199)</u>	<u>(382,226)</u>	2%
Operating loss	<u>(8,954)</u>	<u>(2,300,129)</u>	<u>2,291,175</u>	-100%
Nonoperating revenues (expenses):				
Gifts, noncapital	791,687	814,622	(22,935)	-3%
Investment income (loss), net	(226,185)	16,283	(242,468)	-1489%
Other nonoperating expenses, net	<u>(1,131,288)</u>	<u>1,177,338</u>	<u>(2,308,626)</u>	-196%
Net nonoperating revenues (expenses)	<u>(565,786)</u>	<u>2,008,243</u>	<u>(2,574,029)</u>	-128%
Income (loss) before other additions	(574,740)	(291,886)	(282,854)	97%
Grants and gifts, capital	<u>534,059</u>	<u>-</u>	<u>534,059</u>	100%
Increase (decrease) in net assets	(40,681)	(291,886)	251,205	-86%
Beginning net assets	7,587,213	8,644,823	(1,057,610)	-12%
Restatement of beginning assets	<u>-</u>	<u>(765,724)</u>	<u>765,724</u>	-100%
Ending net assets	<u>\$ 7,546,532</u>	<u>\$ 7,587,213</u>	<u>\$ (40,681)</u>	-1%

Operating Revenues and Expenses

Operating revenues and expenses come from sources that are connected directly to the Foundation's primary business function. This includes revenues from categories such as certain grants and contracts that will be used

HUMBOLDT STATE UNIVERSITY

SPONSORED PROGRAMS FOUNDATION

Management's Discussion and Analysis

June 30, 2012

for noncapital purposes and sales and services of auxiliary enterprises. Expenses include categories such as salaries, benefits, supplies and other services, scholarships and fellowships, and depreciation and amortization. In this discussion and analysis, expenses are reported by functional program such as instruction, research, public service, academic support, student services, institutional support, operation and maintenance of plant, student grants and scholarships, auxiliary enterprise expenses, and depreciation and amortization.

Operating Revenues

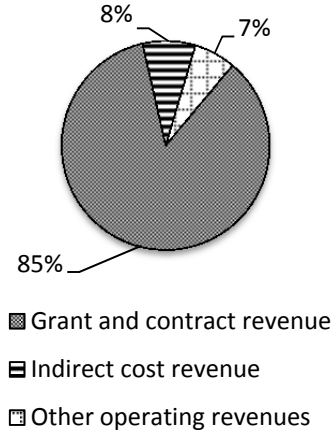
Total operating revenues increased \$2.7 million, or 15%, primarily due to a \$1.3 million increase in grants and contract revenue, a \$0.1 million increase in indirect cost revenue, and a \$1.3 million increase and other operating revenues. The increase in grants and contracts revenue is due to an increase in project spending related to state and federal grants. The increase in indirect cost revenue and other operating revenues is primarily due to an increase in program income earned on grant-related trusts funds held within the Foundation and a reclassification of revenues previously classified as nonoperating revenues.

The following charts present the proportional share that each category of operating revenues contributed to the total for fiscal years 2012 and 2011:

Operating Revenues

Year ended June 30, 2012

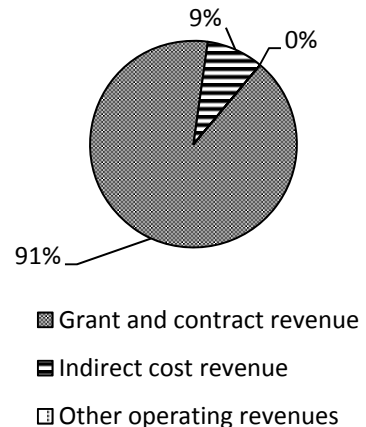
Grant and contract revenue		
Federal	\$ 8,792,762	42.9%
State	5,110,472	25.0
Local	208,994	1.0
Non-governmental	3,431,281	16.8
Indirect cost revenue	1,682,934	8.2
Other operating revenues	<u>1,250,028</u>	<u>6.1</u>
Total operating revenues	<u><u>\$ 20,476,471</u></u>	<u><u>100.0%</u></u>



Operating Revenues

Year ended June 30, 2011

Grant and contract revenue		
Federal	\$ 8,034,071	45.1%
State	4,614,051	26.0
Local	250,933	1.5
Non-governmental	3,320,764	18.6
Indirect cost revenue	1,583,252	8.8
Other operating revenues	<u>—</u>	<u>—</u>
Total operating revenues	<u><u>\$ 17,803,071</u></u>	<u><u>100.0%</u></u>



HUMBOLDT STATE UNIVERSITY

SPONSORED PROGRAMS FOUNDATION

Management's Discussion and Analysis

June 30, 2012

Operating Expenses

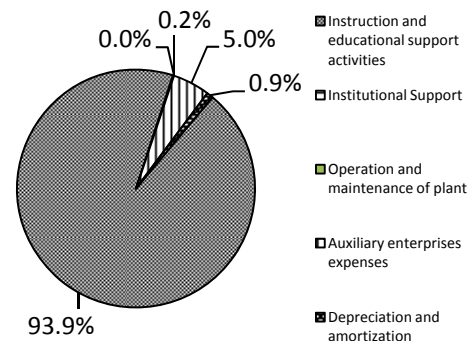
Total operating expenses increased by \$0.4 million, or 2%, primarily due to a \$0.5 million aggregated increase in instruction, research, academic support, student services, institutional support, and student grants and scholarships, and depreciation, offset by a \$0.1 million aggregated decrease in public support, operation of maintenance and plant, and auxiliary enterprises expenses. The \$0.4 million overall increase is primarily related to spending in the current year of a state-funded public service grant available as one-time funding, offset by a decrease due to the transfer of 100 campus-related custodial trusts held at the Foundation to the University.

The following charts present the distribution of resources in support of the Foundation's mission for fiscal years 2012 and 2011:

Operating Expenses

Year ended June 30, 2012

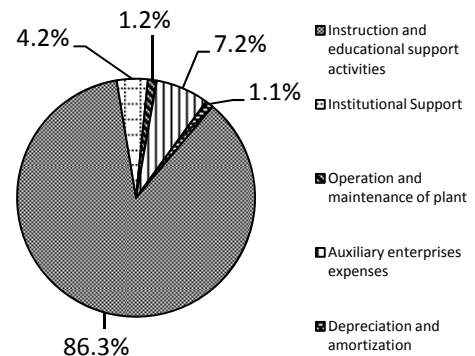
Instruction	\$ 443,647	2.2%
Research	7,659,075	37.3
Public service	8,875,870	43.4
Academic support	880,560	4.3
Student services	1,045,936	5.1
Student grants and scholarships	330,383	1.6
Total instruction and educational support activities	19,235,471	93.9
Institutional support	31,946	0.2
Operation and maintenance of plant	—	—
Auxiliary enterprises expenses	1,034,098	5.0
Depreciation and amortization	180,910	0.9
Total operating expenses	\$ 20,482,425	100.0%



Operating Expenses

Year ended June 30, 2011

Instruction	\$ 916,972	4.6%
Research	7,428,118	36.9%
Public service	6,092,426	30.3%
Academic support	344,786	1.7%
Student services	1,051,770	5.2%
Student grants and scholarships	1,510,258	7.5%
Total instruction and educational support activities	17,344,330	86.3
Institutional support	844,782	4.2%
Operation and maintenance of plant	242,268	1.2%
Auxiliary enterprises expenses	1,453,445	7.2%
Depreciation and amortization	218,374	1.1%
Total operating expenses	\$ 20,103,199	100.0%



HUMBOLDT STATE UNIVERSITY
SPONSORED PROGRAMS FOUNDATION

Management's Discussion and Analysis

June 30, 2012

Nonoperating Revenues (Expenses)

Nonoperating revenues (expenses) come from sources that are not part of the Foundation's primary business functions. Included in this classification are categories such as noncapital gifts, investment income, certain non-exchange grants, and transfers to other campus entities.

Transfers to other campus entities increased by \$0.7 million primarily related to the Foundation's transfer of custodial trust accounts to the University. As a result of the transfers of custodial trust accounts, noncapital gifts decreased by \$0.5 million.

Investment income decrease by \$0.2 million due to a loss on the sale of property held as an investment.

Capital Assets

Capital assets, net of accumulated depreciation, are shown below:

	June 30	
	2012	2011
Land and land improvements	\$ 512,816	\$ 356,402
Works of art and historical treasures	25,000	75,000
Buildings and building improvements	510,418	537,559
Equipment	655,116	535,032
Construction work in progress	—	154,206
Total capital assets, net of accumulated depreciation	<u>\$ 1,703,350</u>	<u>\$ 1,658,199</u>

Capital assets increased by \$0.1 million primarily due to \$0.4 million of current year additions, partially offset by \$0.2 million in current year depreciation expense and \$0.1 million in current year retirements.

Factors That Will Affect the Future

Indirect Cost Revenue

Indirect cost revenue is a factor that greatly affects the Foundation's ability to build and maintain a reserve adequate enough for supporting the grant and contract activity of the Foundation. Indirect cost revenue is earned as a percentage of spending on awarded grant and contracts. Indirect cost revenue increased \$0.1 million, or 6%, in the current year. Management believes that grant and contract activity and earned indirect cost revenue is projected to be at the same levels or slightly higher for the next fiscal period.

Continued University Support

The pre-award and compliance functionality of the Foundation is financially supported by the University as a state function. Volatility in state-supported funding could potentially affect the level of support provided by the state in future periods, which in turn could affect the pre-award and compliance functions of the Foundation. Management does not believe that level of support to the Foundation will decrease in the next fiscal period.

BASIC FINANCIAL STATEMENTS

HUMBOLDT STATE UNIVERSITY
SPONSORED PROGRAMS FOUNDATION

Statement of Net Assets

June 30, 2012

Assets:

Current assets:

Cash and cash equivalents	\$	1,905,660
Short-term investments		1,606,981
Accounts receivable, net		4,933,303
Prepaid expenses and other assets		72,852
Total current assets		<u>8,518,796</u>

Noncurrent assets:

Restricted cash		17,500
Long-term investments		19,500
Capital assets, net		1,703,350
Total noncurrent assets		<u>1,740,350</u>
Total assets		<u>10,259,146</u>

Liabilities:

Current liabilities:

Accounts payable		1,040,354
Accrued salaries and benefits payable		437,825
Accrued compensated absences – current portion		121,076
Deferred revenue		1,068,398
Other liabilities		13,708
Total current liabilities		<u>2,681,361</u>

Noncurrent liabilities:

Accrued compensated absences, net of current portion		31,253
Total noncurrent liabilities		<u>31,253</u>
Total liabilities		<u>2,712,614</u>

Net assets:

Invested in capital assets, net of related debt		1,703,350
Unrestricted		5,843,182
Total net assets	\$	<u>7,546,532</u>

See accompanying notes.

HUMBOLDT STATE UNIVERSITY
SPONSORED PROGRAMS FOUNDATION

Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2012

Revenues:

Operating revenues:

Grants and contracts, noncapital:

Federal	\$	8,792,762
---------	----	-----------

State		5,110,472
-------	--	-----------

Local		208,994
-------	--	---------

Nongovernmental		3,431,281
-----------------	--	-----------

Indirect cost revenue		1,682,934
-----------------------	--	-----------

Other operating revenues		1,250,028
--------------------------	--	-----------

Total operating revenues		<u>20,476,471</u>
--------------------------	--	-------------------

Expenses:

Operating expenses:

Instruction		443,647
-------------	--	---------

Research		7,659,075
----------	--	-----------

Public service		8,875,870
----------------	--	-----------

Academic support		880,560
------------------	--	---------

Student services		1,045,936
------------------	--	-----------

Institutional support		31,946
-----------------------	--	--------

Student grants and scholarships		330,383
---------------------------------	--	---------

Auxiliary enterprise expenses		1,037,098
-------------------------------	--	-----------

Depreciation and amortization		180,910
-------------------------------	--	---------

Total operating expenses		<u>20,485,425</u>
--------------------------	--	-------------------

Operating loss		<u>(8,954)</u>
----------------	--	----------------

Nonoperating revenues (expenses):

Gifts, noncapital		791,687
-------------------	--	---------

Investment loss, net		(226,185)
----------------------	--	-----------

Other nonoperating revenues, net		24,810
----------------------------------	--	--------

Net nonoperating revenues		<u>590,312</u>
---------------------------	--	----------------

Income before other additions		581,358
-------------------------------	--	---------

Grants and gifts, capital

	534,059
--	---------

Transfers to other campus entities

	(1,156,098)
--	-------------

Decrease in net assets	<u>(40,681)</u>
------------------------	-----------------

Net assets:

Net assets at beginning of year		<u>7,587,213</u>
---------------------------------	--	------------------

Net assets at end of year	\$	<u><u>7,546,532</u></u>
---------------------------	----	-------------------------

See accompanying notes.

HUMBOLDT STATE UNIVERSITY
SPONSORED PROGRAMS FOUNDATION

Statement of Cash Flows
Year ended June 30, 2012

Cash flows from operating activities

Received from customers	\$ 18,588,376
Payments to employees and fringe benefits	(9,904,100)
Payments to vendors and suppliers	(9,925,462)
Payments for scholarships and fellowships	(188,057)
Other receipts (payments)	(959,574)
Net cash used by operating activities	<u>(2,388,817)</u>

Cash flows from noncapital financing activities

Noncapital gifts received	<u>791,687</u>
Net cash provided by noncapital financing activities	<u>791,687</u>

Cash flows from capital and related financing activities

Capital grants received	268,338
Acquisition and construction of capital assets	<u>(397,775)</u>
Net cash provided (used) by capital and related financing activities	<u>(129,437)</u>

Cash flows from investing activities

Proceeds from sales and maturities of investments	58,222
Investment income	18,839
Purchase of investments and related fees	<u>(1,508,637)</u>
Net cash provided (used) by investing activities	<u>(1,431,576)</u>

Net increase (decrease) in cash and cash equivalents (3,158,143)

Cash and cash equivalents, July 1 5,081,303

Cash and cash equivalents, June 30 \$ 1,923,160

Reconciliation to cash per Statement of Net Assets

Cash and cash equivalents	\$ 1,905,660
Restricted cash	<u>17,500</u>
Total cash and cash equivalents, June 30, 2012	<u><u>\$ 1,923,160</u></u>

See accompanying notes.

HUMBOLDT STATE UNIVERSITY
SPONSORED PROGRAMS FOUNDATION

Statement of Cash Flows
Year ended June 30, 2012

**Reconciliation of operating loss to net cash used
by operating activities:**

Operating loss	\$	<u>(8,954)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense		180,910
Miscellaneous nonoperating income		(959,574)
Changes in assets and liabilities:		
Receivables, net		(651,080)
Prepaid items		18,184
Accounts payable and accrued liabilities		252,302
Unearned revenue		(1,237,015)
Compensated absences		16,410
Total adjustments		<u>(2,379,863)</u>
Net cash used by operating activities	\$	<u><u>(2,388,817)</u></u>

Noncash investing, capital, and financing activities:

Capital asset write-offs	\$	317,892
Increase in receivables related to nonoperating income		265,721

See accompanying notes.

HUMBOLDT STATE UNIVERSITY
SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

June 30, 2012

(1) Organization

Humboldt State University Sponsored Programs Foundation (the Foundation) is a nonprofit, tax-exempt corporation, incorporated in 1952 under the provisions of section 501(c)(3) of the Internal Revenue Code. The Foundation is organized to administer grants from governmental and private agencies for research and other activities related to the programs of Humboldt State University (the University), and to accept donations and gifts on behalf of other campus agencies for any University-related use. The Foundation is an auxiliary organization of the University and the California State University System. As an affiliated organization component unit of the University, the Foundation's financial data will be included in the financial statements of the University.

Summary of Significant Accounting Policies

(a) Basis of Presentation

After reassessing its articles of incorporation and bylaws, the Foundation determined that it meets the definition of a governmental entity and thus, should apply generally accepted accounting principles applicable to governmental entities. As of July 1, 2011, the Foundation adopted Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB No. 62). GASB No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, that do not conflict with GASB pronouncements:

- Financial Accounting Standards Board (FASB) Statements and Interpretations,
- Accounting Principles Board Opinions, and
- Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure

GASB No. 62 also supersedes GASB No. 20, thereby eliminating the election provided in GASB No. 20 for enterprise funds and governments engaged in business-type activities to apply post-November 30, 1989, FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989, FASB pronouncements that do not conflict with or contradict GASB pronouncements. Adoption of GASB No. 62 had no impact on the basic financial statements.

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles, as prescribed by the GASB. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The financial statements required by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* include a statement of net assets, a statement of revenues,

HUMBOLDT STATE UNIVERSITY
SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

June 30, 2012

expenses, and changes in net assets, and a statement of cash flows. The basic financial statements include the accounts of the Foundation, including its research activities performed on behalf of the University. The Foundation is a government organization under accounting principles generally accepted in the United States of America (GAAP) and is also a component unit of the University, a public university under the California State University system. The Foundation has elected to use the reporting model for special-purpose governments engaged only in business-type activities. In accordance with the business-type activities reporting model, the University prepares its statement of cash flows using the direct method.

The primary basic financial statement items affected by the change in accounting treatment for the Foundation are the functional presentation of operating expenses, capital and noncapital gifts, and investment income. Adoption of GASB financial reporting principles had the following effects on the Foundation's beginning net assets:

- Net assets increased by \$5.6 million due to the inclusion of trust funds previously reported in the liability accounts Due to Other Agencies under FASB standards. These trust funds had been classified as restricted expendable, under GASB reporting standards for the prior year, and have been reclassified as unrestricted for the current year because limitations on their use are internally imposed.
- Net assets of \$1.7 million that had been previously reported as unrestricted under FASB standards were reclassified to net assets invested in capital assets, net of related debt.

(b) *Election of Applicable FASB Statements*

The Foundation follows standards of accounting and financial reporting issued by the FASB prior to November 30, 1989, unless those standards conflict with or contradict guidance of the GASB. The Foundation also has the option of following subsequent private-sector guidance subject to the same limitation. The Foundation has elected not to adopt the pronouncements issued by the FASB after November 30, 1989.

(c) *Classification of Current and Noncurrent Assets (Other Than Investments) and Liabilities*

The Foundation considers assets to be current that can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the statement of net assets date. Liabilities that reasonably can be expected, as part of normal Foundation business operations, to be liquidated within 12 months of the statement of net assets date are considered to be current. All other assets and liabilities are considered to be noncurrent. For classification of current and noncurrent investments, refer to Note 2.

(d) *Cash and Cash Equivalents*

The Foundation considers all highly liquid investments with an original maturity date of three months or less to be cash and cash equivalents. The Foundation considers amounts included in the Local Agency Investment Fund (LAIF) to be investments.

HUMBOLDT STATE UNIVERSITY
SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

June 30, 2012

(e) Investments

Investments are reflected at fair value using quoted market prices, where available, otherwise they are recorded at estimated fair value. Realized and unrealized gains and losses are included in the accompanying statement of revenues, expenses, and changes in net assets as investment loss, net.

Investments that are used for current operations are classified as short-term investments. Investments that are restricted for withdrawal or use for other than current operations and restricted as to the liquidity of the investments are classified as long-term investments.

(f) Accounts Receivable

Accounts receivable primarily consists of billed and unbilled amounts due from the federal government, state and local governments, and private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants.

The Foundation provides a reserve for uncollectible accounts based upon a review of outstanding receivables. Accounts receivable considered uncollectible are charged against the reserve account in the year they are deemed to be uncollectible. No reserve for uncollectible accounts was deemed necessary as of June 30, 2012.

(g) Restricted Cash

Restricted cash consists of funds held in accordance with the agreement terms set forth in the Foundation's revolving line of credit. See Note 11.

(h) Capital Assets

Capital assets are stated at cost or estimated historical cost if purchased, or if donated, at estimated fair value at date of donation. Capital assets with a value of \$5,000 or more and with a useful life of one year or more are capitalized. Capital assets, with the exception of land and land improvements, works of art and historical treasures, and construction work in progress, are depreciated on a straight-line basis over their estimated useful lives, which range from 5 to 30 years. Works of art and historical treasures are valued at cost if purchased or the fair market value at the date of donation if contributed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

Depreciation and amortization expense is shown separately in the statement of revenues, expenses, and changes in net assets rather than being allocated among other categories of operating expenses.

(i) Deferred Revenue

Deferred revenue consists primarily of grant and contract funds received in advance which have not been earned under the terms of the grant and contract agreement.

(j) Compensated Absences

Compensated absences consist of vacation leave earned by employees based on services rendered. Employees may accumulate up to 240 hours of vacation depending on years of service. Upon

HUMBOLDT STATE UNIVERSITY
SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

June 30, 2012

termination of employment, all unused vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability.

Generally, sick leave benefits provide for ordinary sick pay and are cumulative but do not vest with the employee. Therefore, a liability for sick leave benefits is not accrued.

(k) Net Assets

The Foundation's net assets are classified into the following net asset categories:

Invested in capital assets, net of related debt – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Unrestricted – All other categories of net assets. In addition, unrestricted net assets may be designated for use by management of the Foundation. These designations limit the area of operations for which expenditures of net assets may be made and require that unrestricted net assets be designated to support future operations in these areas.

(l) Classification of Revenues and Expenses

The Foundation considers operating revenues and expenses in the statement of revenues, expenses, and changes in net assets to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly to the Foundation's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services.

Included in operating revenues and expenses are those activities related to the grant and contract transactions of the Foundation. Grants and contracts represent funds obtained from external agencies for the support of instructional, research and public service functions of the Foundation and of the University. Revenue from grants and contracts is recognized when expensed for the purpose specified. Amounts received in excess of expenses incurred as of the financial statements date are classified as deferred revenue.

Certain other transactions are reported as nonoperating revenues and expenses in accordance with GASB Statement No. 35. These nonoperating activities include the Foundation's net investment loss, noncapital gifts, and capital gifts and grants.

(m) Income Taxes

The Foundation qualifies as a tax exempt organization under the applicable sections of the Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. The open audit periods are 2008 through 2010. The Foundation has analyzed the tax positions taken for filings with the Internal Revenue Service and the State of California. The Foundation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the financial statements. Accordingly, the Foundation has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2012.

HUMBOLDT STATE UNIVERSITY
SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

June 30, 2012

(n) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the accompanying financial statements. Actual results could differ from those estimates.

(2) Cash and Cash Equivalents and Investments

The Foundation's cash and cash equivalents and investments as of June 30, 2012 are classified in the accompanying statement of net assets as follows:

Cash and cash equivalents	\$	1,905,660
Restricted cash		<u>17,500</u>
Total cash		<u>1,923,160</u>
Short-term investments		1,606,981
Other long-term investments		<u>19,500</u>
Total investments		<u>1,626,481</u>
Total cash, cash equivalents and investments	\$	<u><u>3,549,641</u></u>

(a) Cash and Cash Equivalents

At June 30, 2012, cash and cash equivalents consisted of demand deposits held at commercial banks and petty cash. Total cash and cash equivalents of \$1,905,660 had a corresponding carrying balance with the commercial banks of \$2,343,270 at June 30, 2012. The differences related primarily to deposits in transit and outstanding checks.

Custodial Credit Risk for Deposits

The Foundation maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor. At June 30, 2012, the Foundation's uninsured, uncollateralized cash balance was \$2,093,270.

Management periodically assesses the financial condition of the institutions and believes that the Foundation is not exposed to any significant credit risk related to cash.

(b) Short-term Investments

At June 30, 2012, the Foundation's short-term investment portfolio consists entirely of investments in the Local Agency Investment Fund (LAIF), a voluntary program created by statute as an alternative for California's local governments and special districts that allow affiliates to participate in a major investment portfolio. It is under the administration of the California State Treasurer's Office. There are no significant interest rate risks or credit risks to be disclosed in accordance with

HUMBOLDT STATE UNIVERSITY
SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

June 30, 2012

GASB Statement No. 40, Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3.

(c) Long-term Investments

Long-term investments consist of land located in Shelter Cove, California, held as an investment and three shares of Baywood Golf and Country Club capital stock. All investments are stated at their fair market value. The fair value of the Shelter Cove land is based on an estimate of current market prices of comparable properties for sale. The fair value of the Baywood stock is based on estimated current selling price per share.

Long-term investment activity for the year ended June 30, 2012 consisted of the following:

	<u>Balance at June 30, 2011</u>		<u>Purchases/ Additions</u>		<u>(Settlements)/ Deletions</u>		<u>Balance at June 30, 2012</u>
Stock	\$ 300	\$	—	\$	—	\$	300
Land and other real estate	319,200		—		(300,000)		19,200
Total	<u>\$ 319,500</u>	\$	<u>—</u>	\$	<u>(300,000)</u>	\$	<u>19,500</u>

During the year ended June 30, 2012, the Foundation sold land held as an investment. The land was recorded with a carrying value of \$0.3 million and was sold for \$0.05 million for net realized losses of \$0.2 million. Investment loss, net, is summarized as follows:

Interest income	\$ 15,593
Net realized gains/(losses)	(241,778)
Total	<u>\$ (226,185)</u>

(3) Accounts Receivable

Billed and unbilled accounts receivables as of June 30, 2012, are summarized as follows:

Federal grants and contracts	\$ 2,346,636
State and local grants and contracts	1,780,926
Non-governmental grants and contracts	664,930
Other receivables	140,811
Total	<u>\$ 4,933,303</u>

There is no allowance for uncollectible accounts deemed necessary for the year ended June 30, 2012.

Unbilled grant and contract receivables are \$3,656,003 as of June 30, 2012.

HUMBOLDT STATE UNIVERSITY
SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

June 30, 2012

(4) Capital Assets

Capital assets activity for the year ended June 30, 2012, consisted of the following:

	<u>Balance, June 30, 2011</u>		<u>Additions</u>		<u>Retirements</u>		<u>Transfers from CWIP</u>		<u>Balance, June 30, 2012</u>
Nondepreciable/nonamortizable capital assets:									
Land and land improvements	\$ 356,402	\$	—	\$	—	\$	156,414	\$	512,816
Works of art and historical treasures	75,000		—		(50,000)		—		25,000
Construction work in progress	<u>154,206</u>		<u>2,208</u>		<u>—</u>		<u>(156,414)</u>		<u>—</u>
Total nondepreciable capital assets	<u>585,608</u>		<u>2,208</u>		<u>(50,000)</u>		<u>—</u>		<u>537,816</u>
Depreciable/amortizable capital assets:									
Buildings and building improvements	814,231		—		—		—		814,231
Personal property: Equipment	<u>1,069,085</u>		<u>395,567</u>		<u>(267,892)</u>		<u>—</u>		<u>1,196,760</u>
Total depreciable capital assets	<u>1,883,316</u>		<u>395,567</u>		<u>(267,892)</u>		<u>—</u>		<u>2,010,991</u>
Total cost	<u>2,468,924</u>		<u>397,775</u>		<u>(317,892)</u>		<u>—</u>		<u>2,548,807</u>
Less accumulated depreciation/amortization:									
Buildings and building improvements	(276,672)		(27,141)		—		—		(303,813)
Personal property: Equipment	<u>(534,053)</u>		<u>(153,769)</u>		<u>146,178</u>		<u>—</u>		<u>(541,644)</u>
Total accumulated depreciation	<u>(810,725)</u>		<u>(180,910)</u>		<u>146,178</u>		<u>—</u>		<u>(845,457)</u>
Net capital assets	<u>\$ 1,658,199</u>	\$	<u>216,865</u>	\$	<u>(171,714)</u>	\$	<u>—</u>	\$	<u>1,703,350</u>

Equipment purchased with grant and contract monies are held in trust by the Foundation. Title is held by the Foundation and, upon completion of the grant or contract, the equipment is transferred to the University or the funding agency, depending on the individual terms of the agreement.

For the year ended June 30, 2012, fixed assets with a net book value of \$161,302 were transferred from the Foundation to the University.

Total depreciation expense for the Foundation for the year ended June 30, 2012, was \$180,910.

HUMBOLDT STATE UNIVERSITY
SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

June 30, 2012

(5) Commitments and Contingencies

Revenue for the Foundation is derived primarily from governmental and private agencies for performance on grants and contracts. Expenditures under these programs are subject to final audits that could result in disallowances under the terms of the grant. Management believes that disallowances, if any, resulting from such audits will not have a material effect on the financial statements.

(6) Long-term Liabilities

Long-term liabilities activities for the year ended June 30, 2012, is summarized as follows:

	<u>Balance at June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2012</u>	<u>Current Portion</u>	<u>Long Term Portion</u>
Accrued compensated absences	\$ 146,299	\$ 165,787	\$ (159,757)	\$ 152,329	\$ 121,076	\$ 31,253
Deferred Revenue	<u>2,305,413</u>	<u>1,451,648</u>	<u>(2,688,663)</u>	<u>1,068,398</u>	<u>1,068,398</u>	<u>—</u>
Total	<u>\$ 2,451,712</u>	<u>\$ 1,617,435</u>	<u>\$ (2,848,420)</u>	<u>\$ 1,220,727</u>	<u>\$ 1,189,474</u>	<u>\$ 31,253</u>

(7) Net Assets

(a) Unrestricted Net Assets

As of June 30, 2012, unrestricted net assets were designated by the Board of Directors for the following purposes:

Funds held in trust	
Sponsored programs related trusts	\$ 1,344,867
Campus program trusts	<u>2,190,484</u>
Total Funds held in trust	3,535,351
Current operations and working capital	<u>2,307,831</u>
Total	<u>\$ 5,843,182</u>

The Board of Directors passed a resolution to establish a \$4.0 million reserve for current operations and working capital, capital replacements, contingent liabilities, and planned future operations. The reserve is to be accumulated over a 36 month period beginning July 1, 2011. As of June 30, 2012, the Foundation requires an additional \$1.7 million to meet its reserve target.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first. In the event that restricted net assets are fully expended, unrestricted net assets are expended to support the activities of restricted, expendable net assets. As of June 30, 2012, \$140,148 in unrestricted net assets were expended to support these activities.

HUMBOLDT STATE UNIVERSITY
SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

June 30, 2012

(8) Classification of Operating Expenses

The Foundation has elected to report operating expenses by functional classification in the statement of revenues, expenses, and changes in net assets, and to provide the natural classification of those expenses as an additional disclosure. For the year ended June 30, 2012, operating expenses by natural classification consisted of the following:

	<u>Salaries</u>	<u>Benefits</u>	<u>Scholarships and fellowships</u>	<u>Supplies and other services</u>	<u>Depreciation and amortization</u>	<u>Total</u>
Functional classification:						
Instruction	\$ 272,950	\$ 65,254	\$ 11,850	\$ 93,593	\$ —	\$ 443,647
Research	3,766,667	838,241	88,087	2,966,080	—	7,659,075
Public service	2,611,112	795,472	28,173	5,441,113	—	8,875,870
Academic support	329,152	62,993	1,313	487,102	—	880,560
Student services	513,050	238,053	2,911	291,922	—	1,045,936
Institutional support	9,512	1,200	75	21,159	—	31,946
Student grants and scholarships	65,665	22,819	15,648	226,251	—	330,383
Auxiliary enterprise expenses	217,828	95,970	40,000	683,300	—	1,037,098
Depreciation and amortization	—	—	—	—	180,910	180,910
Total	<u>\$ 7,785,936</u>	<u>\$ 2,120,002</u>	<u>\$ 188,057</u>	<u>\$ 10,210,520</u>	<u>\$ 180,910</u>	<u>\$ 20,485,425</u>

(9) Defined Contribution Plan

The Foundation maintains the Humboldt State University Foundation 403(b) DC plan with the Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF). The plan is qualified under IRS Section 403(b) and covers eligible employees, as defined by the plan.

(a) Plan Description

TIAA-CREF is an agent which provides variable individual and group annuities for retirement and tax-deferred savings plans at nonprofit or publicly supported colleges, universities, and other educational and research organizations. The TIAA-CREF plan is a defined contribution plan. The contributions are invested and then disbursed at the time of the employees' retirement in the form of lifetime income or other payment options.

(b) Funding Policy

Participants are not required to contribute any of their annual covered salary. Contributions to the plan are made at the discretion of the Board of Directors. The Foundation contributes 10% of the employees' annual covered payroll.

(c) Annual Contribution Costs

The Foundation contributed \$268,016 on behalf of covered employees for the year ended June 30, 2012.

HUMBOLDT STATE UNIVERSITY
SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

June 30, 2012

(10) Transfers to Other Campus Entities

Occasionally, the Foundation finds it appropriate to transfer certain fiscal responsibilities to the University or to other campus entities. During the year ended June 30, 2012, the Foundation transferred the following to the University (HSU), and Humboldt State University Advancement Foundation (HSUADV):

Transfer of funds to HSU	\$	887,374
Transfer of funds to HSUADV		107,422
Transfer of funds		<u>994,796</u>
Transfer of fixed assets to HSU		<u>161,302</u>
Total	\$	<u><u>1,156,098</u></u>

During the fiscal year ended June 30, 2012, the Foundation conducted a review of campus program trusts held by the Foundation. The Foundation identified approximately 200 trusts that may be more appropriately accounted for within University trust accounts. As June 30, 2012, 100 of these trusts have been reassigned for a net transfer of \$0.9 million. For further discussion regarding the 100 remaining trusts identified for transfer, see Note 12.

(11) Transactions with Related Entities

(a) Business Services Agreement

The Foundation receives accounting services and human resource services from the University through a Business Services Agreement. For the fiscal year ended June 30, 2012, the Foundation paid to the University \$235,228 and \$224,988 for accounting and human services, respectively, of which \$0 and \$0 was owed at June 30, 2012, respectively.

(b) General Operations Payroll

The Foundation reimburses the University for salaries and benefits paid by the University of certain post-award employees of the Foundation's general operations. The amount reimbursed to the University for the year ended June 30, 2012, was \$248,448, of which \$0 was owed at June 30, 2012.

The University also supports the pre-award and compliance functionality and the research administration functionality of the Foundation as a state function. The University provided support for the pre-award and compliance functionality and the research administration functionality at an unreimbursed value of \$136,515 and \$394,084, respectively, for the year ended June 30, 2012.

(c) Office Space Rental

The University provides office space to the general operations of the Foundation through a year-to-year space rental agreement. The rate assessed is based on square footage of the office space and includes custodial services and utilities. For the year ended June 30, 2012, rental expense was \$23,234.

HUMBOLDT STATE UNIVERSITY
SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

June 30, 2012

(d) *University Center Line of Credit*

The Foundation has a \$1,000,000 revolving line of credit to borrow from the Humboldt State University Center (UC), an auxiliary nonprofit organization of the University. The line of credit renews annually in December, contingent upon approval by the UC Board of Directors unless terminated by written notice by either party or by breach. This line is collateralized by the real property holdings of the Foundation and the assets of the Foundation's general operations. Borrowings against the line of credit bear interest at Wall Street Prime plus two percent.

The Foundation agrees to restrict current operational working capital sufficient to pay three months interest payments as if the line of credit were fully extended. As of June 30, 2012, \$17,500 has been restricted in accordance with the terms of the agreement.

As of June 30, 2012, there have been no drawings on the line of credit.

(12) Subsequent Events

The Foundation conducted a review of campus program trusts held by the Foundation. The Foundation identified approximately 200 trusts that may be more appropriately accounted for within University trust accounts. As June 30, 2012, 100 of these trusts have been reassigned for a net transfer of \$0.9 million. It is estimated that the remaining 100 trusts valued at \$0.6 million will be transferred to the University during the 2012-13 fiscal year.

SUPPLEMENTARY INFORMATION

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Schedule of Net Assets

June 30, 2012

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$	1,905,660
Short-term investments		1,606,981
Accounts receivable, net		4,933,303
Leases receivable, current portion		—
Notes receivable, current portion		—
Pledges receivable, net		—
Prepaid expenses and other assets		72,852
Total current assets		<u>8,518,796</u>

Noncurrent assets:

Restricted cash and cash equivalents		17,500
Accounts receivable, net		—
Leases receivable, net of current portion		—
Notes receivable, net of current portion		—
Student loans receivable, net		—
Pledges receivable, net		—
Endowment investments		—
Other long-term investments		19,500
Capital assets, net		1,703,350
Other assets		—
Total noncurrent assets		<u>1,740,350</u>
Total assets		<u>10,259,146</u>

Liabilities:

Current liabilities:

Accounts payable		1,040,354
Accrued salaries and benefits payable		437,825
Accrued compensated absences— current portion		121,076
Deferred revenue		1,068,398
Capitalized lease obligations – current portion		—
Long-term debt obligations – current portion		—
Self-insurance claims liability - current portion		—
Depository accounts		—
Other liabilities		13,708
Total current liabilities		<u>2,681,361</u>

Noncurrent liabilities:

Accrued compensated absences, net of current portion		31,253
Deferred revenue		—
Grants refundable		—
Capitalized lease obligations, net of current portion		—
Long-term debt obligations, net of current portion		—
Self-insurance claims liabilities, net of current portion		—
Depository accounts		—
Other postemployment benefits obligation		—
Other liabilities		—
Total noncurrent liabilities		<u>31,253</u>
Total liabilities		<u>2,712,614</u>

Net assets:

Invested in capital assets, net of related debt		1,703,350
Restricted for:		
Nonexpendable – endowments		—
Expendable:		
Scholarships and fellowships		—
Research		—
Loans		—
Capital projects		—
Debt service		—
Other		—
Unrestricted		5,843,182
Total net assets	\$	<u>7,546,532</u>

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Schedule of Revenues, Expenses, and Changes in Net Assets

Year Ended June 30, 2012

(for inclusion in the California State University)

Revenues:

Operating revenues:

Student tuition and fees (net of scholarship allowances of \$_____)	\$ -
Grants and contracts, noncapital:	
Federal	8,792,762
State	5,110,472
Local	208,994
Nongovernmental	3,431,281
Sales and services of educational activities	-
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)	-
Other operating revenues	2,932,962
Total operating revenues	<u>20,476,471</u>

Expenses:

Operating expenses:

Instruction	443,647
Research	7,659,075
Public service	8,875,870
Academic support	880,560
Student services	1,045,936
Institutional support	31,946
Operation and maintenance of plant	-
Student grants and scholarships	330,383
Auxiliary enterprise expenses	1,037,098
Depreciation and amortization	180,910
Total operating expenses	<u>20,485,425</u>
Operating income (loss)	<u>(8,954)</u>

Nonoperating revenues (expenses):

State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	791,687
Investment income (loss), net	(226,185)
Endowment income (loss), net	-
Interest Expenses	-
Other nonoperating revenues (expenses)	<u>(1,131,288)</u>
Net nonoperating revenues (expenses)	<u>(565,786)</u>
Income (loss) before other additions	<u>(574,740)</u>

State appropriations, capital	-
Grants and gifts, capital	534,059
Additions (reductions) to permanent endowments	-
Increase (decrease) in net assets	<u>(40,681)</u>

Net assets:

Net assets at beginning of year, as previously reported	7,587,213
Restatements	-
Net assets at beginning of year, as restated	<u>7,587,213</u>
Net assets at end of year	<u><u>\$ 7,546,532</u></u>

See the accompanying auditors' report and notes to supplementary information.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
Other Information
June 30, 2012
(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2012:

Portion of restricted cash and cash equivalents related to endowments	\$ —
All other restricted cash and cash equivalents	<u>17,500</u>
Total restricted cash and cash equivalents	<u>\$ 17,500</u>

2.1 Composition of investments at June 30, 2012:

	<u>Current Unrestricted</u>	<u>Current Restricted</u>	<u>Total Current</u>	<u>Noncurrent Unrestricted</u>	<u>Noncurrent Restricted</u>	<u>Total Noncurrent</u>	<u>Total</u>
State of California Surplus Money Investment Fund (SMIF)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of California Local Agency Investment Fund (LAIF)	1,606,981	-	1,606,981	-	-	-	1,606,981
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
US Bank SWIFT pool	-	-	-	-	-	-	-
Common Fund - Short Term Fund	-	-	-	-	-	-	-
Common Fund - Others	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Equity securities	-	-	-	300	-	300	300
Fixed income securities (Treasury notes, GNMA's)	-	-	-	-	-	-	-
Land and other real estate	-	-	-	19,200	-	19,200	19,200
Certificates of deposit	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-	-
Money Market funds	-	-	-	-	-	-	-
Collateralized mortgage obligations:							
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Private pass-through	-	-	-	-	-	-	-
Other major investments:							
Stock	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	<u>1,606,981</u>	<u>-</u>	<u>1,606,981</u>	<u>19,500</u>	<u>-</u>	<u>19,500</u>	<u>1,626,481</u>
Less endowment investments (enter as negative number)	-	-	-	-	-	-	-
Total investments	<u>\$ 1,606,981</u>	<u>\$ -</u>	<u>\$ 1,606,981</u>	<u>\$ 19,500</u>	<u>\$ -</u>	<u>\$ 19,500</u>	<u>\$ 1,626,481</u>

2.2 Investments held by the University under contractual agreements at June 30, 2012:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2012 :	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---

2.3 Restricted current investments at June 30, 2012 related to:

<u>Amount</u>	
\$ —	
—	Add description
—	Add description
—	Add description
—	Add description
—	Add description
—	Add description
—	Add description
—	Add description
—	Add description
—	Add description
<u>—</u>	
<u>\$ —</u>	Total restricted current investments at June 30, 2012

2.4 Restricted noncurrent investments at June 30, 2012 related to:

<u>Amount</u>	
\$ —	Endowment investment
—	Non-endowed investments
—	Add description
—	Add description
—	Add description
—	Add description
—	Add description
—	Add description
—	Add description
—	Add description
—	Add description
<u>—</u>	
<u>\$ —</u>	Total restricted noncurrent investments at June 30, 2012

See the accompanying auditors' report and notes to supplementary information.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Other Information

June 30, 2012

(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2012:

	Balance June 30, 2011	Prior period Adjustments	Reclassifications	Balance June 30, 2011 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2012
Nondepreciable capital assets:								
Land and land improvements	\$ 356,402	\$ -	\$ -	\$ 356,402	\$ -	\$ -	\$ 156,414	\$ 512,816
Works of art and historical treasures	75,000	-	-	75,000	-	(50,000)	-	25,000
Construction work in progress (CWIP)	154,206	-	-	154,206	2,208	-	(156,414)	-
Intangible assets	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-
Total nondepreciable capital assets	<u>585,608</u>	<u>-</u>	<u>-</u>	<u>585,608</u>	<u>2,208</u>	<u>(50,000)</u>	<u>-</u>	<u>537,816</u>
Depreciable capital assets:								
Buildings and building improvements	814,231	-	-	814,231	-	-	-	814,231
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	1,069,085	-	-	1,069,085	395,567	(267,892)	-	1,196,760
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-
Total depreciable capital assets	<u>1,883,316</u>	<u>-</u>	<u>-</u>	<u>1,883,316</u>	<u>395,567</u>	<u>(267,892)</u>	<u>-</u>	<u>2,010,991</u>
Total capital assets	<u>2,468,924</u>	<u>-</u>	<u>-</u>	<u>2,468,924</u>	<u>397,775</u>	<u>(317,892)</u>	<u>-</u>	<u>2,548,807</u>
Less accumulated depreciation:								
Buildings and building improvements	(276,672)	-	-	(276,672)	(27,141)	-	-	(303,813)
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	(534,053)	-	-	(534,053)	(153,769)	146,178	-	(541,644)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-
Total accumulated depreciation	<u>(810,725)</u>	<u>-</u>	<u>-</u>	<u>(810,725)</u>	<u>(180,910)</u>	<u>146,178</u>	<u>-</u>	<u>(845,457)</u>
Total capital assets, net	<u>\$ 1,658,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,658,199</u>	<u>\$ 216,865</u>	<u>\$ (171,714)</u>	<u>\$ -</u>	<u>\$ 1,703,350</u>

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2012:

Depreciation and amortization expense related to capital assets	\$ 180,910
Amortization expense related to other assets	<u>-</u>
Total depreciation and amortization	<u>\$ 180,910</u>

See the accompanying auditors' report and notes to supplementary information.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Other Information

June 30, 2012

(for inclusion in the California State University)

4 Long-term liabilities activity schedule:

	Balance June 30, 2011	Prior period adjustments	Reclassifications	Balance June 30, 2011 (restated)	Additions	Reductions	Balance June 30, 2012	Current portion	Long-term portion
Accrued compensated absences	\$ 146,299	—	—	\$ 146,299	\$ 165,787	\$ (159,757)	\$ 152,329	\$ 121,076	\$ 31,253
Capitalized lease obligations:									
Gross balance	—	—	—	—	—	-	—	—	—
Unamortized premium on capitalized lease obligations	—	—	—	—	—	-	—	—	—
Total capitalized lease obligations	—	—	—	—	—	-	—	—	—
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	—	-	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	—	-	—	—	—
Commercial Paper	—	—	—	—	—	-	—	—	—
Other:									
California State University Risk Management Authority Loan	—	—	—	—	—	-	—	—	—
Description	—	—	—	—	—	-	—	—	—
Description	—	—	—	—	—	-	—	—	—
Description	—	—	—	—	—	-	—	—	—
Description	—	—	—	—	—	-	—	—	—
Description	—	—	—	—	—	-	—	—	—
Total long-term debt obligations	—	—	—	—	—	-	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	—	-	—	—	—
Unamortized loss on refunding	—	—	—	—	—	-	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	-	—	—	—
Total long-term liabilities	\$ 146,299	—	—	\$ 146,299	\$ 165,787	\$ (159,757)	\$ 152,329	\$ 121,076	\$ 31,253

5 Future minimum lease payments - capital lease obligations:

	Principal	Interest	Principal and Interest
Year ending June 30:	\$		
2013	—	—	—
2014	—	—	—
2015	—	—	—
2016	—	—	—
2017	—	—	—
2018-2022	—	—	—
2023-2027	—	—	—
2028-2032	—	—	—
2033-2037	—	—	—
2038-2042	—	—	—
2043-2047	—	—	—
2048-2052	—	—	—
2053-2057	—	—	—
2058-2062	—	—	—
Total minimum lease payments			—
Less amounts representing interest			—
Present value of future minimum lease payments			—
Less: current portion			—
Capitalized lease obligation, net of current portion			\$ —

See the accompanying auditors' report and notes to supplementary information.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
Other Information
June 30, 2012
(for inclusion in the California State University)

6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2013	\$ —	—	—	\$ —	—	\$ —	\$ —	—	\$ —
2014	—	—	—	—	—	—	—	—	—
2015	—	—	—	—	—	—	—	—	—
2016	—	—	—	—	—	—	—	—	—
2017	—	—	—	—	—	—	—	—	—
2018 - 2022	—	—	—	—	—	—	—	—	—
2023 - 2027	—	—	—	—	—	—	—	—	—
2028 - 2032	—	—	—	—	—	—	—	—	—
2033 - 2037	—	—	—	—	—	—	—	—	—
2038 - 2042	—	—	—	—	—	—	—	—	—
2043 - 2047	—	—	—	—	—	—	—	—	—
2048 - 2052	—	—	—	—	—	—	—	—	—
2053 - 2057	—	—	—	—	—	—	—	—	—
2058 - 2062 Total	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>

7 Calculation of net assets - Invested in capital assets, net of related debt

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net assets - Invested in capital assets, net of related debt			
Capital assets, net of accumulated depreciation	\$ 1,703,350	\$ —	\$ 1,703,350
Capitalized lease obligations - current portion	—	—	—
Capitalized lease obligations, net of current portion	—	—	—
Long-term debt obligations - current portion	—	—	—
Long-term debt obligations, net of current portion	—	—	—
Portion of outstanding debt that is unspent at year-end	—	—	—
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net assets - invested in capital assets, net of related debt	<u>\$ 1,703,350</u>	<u>\$ -</u>	<u>\$ 1,703,350</u>

7.2 Calculation of net assets - Restricted for nonexpendable - endowments

Portion of restricted cash and cash equivalents related to endowments	\$ —	\$ —	\$ —
Endowment investments	—	—	—
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net assets - Restricted for nonexpendable - endowments per SNA	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Other Information

June 30, 2012

(for inclusion in the California State University)

8 Transactions with Related Entities

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 1,779,746
Payments to University for other than salaries of University personnel	1,119,795
Payments received from University for services, space, and programs	367,757
Gifts-in-kind to the University from Auxiliary Organizations	—
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	174,002
Accounts (payable to) University (enter as negative number)	(5,213)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	136,666
Other amounts receivable from University	—

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$ —
Contributions during the year	—
Increase (decrease) in net OPEB obligation (NOO)	—
NOO - beginning of year	—
NOO - end of year	\$ —

10 Pollution remediation liabilities under GASB Statement No. 49:

Description	<u>Amount</u>
Add description	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total pollution remediation liabilities	\$ —
Less: current portion	—
Pollution remediation liabilities, net of current portion	—

11 The nature and amount of the prior period adjustment(s) recorded to beginning net assets

	<u>Net Asset</u> <u>Class</u>	<u>Amount</u> <u>Dr. (Cr.)</u>
Net assets as of June 30, 2011, as previously reported		\$ 7,587,213
Prior period adjustments:		
1 Prior period depreciation - Schatz Tree Farm		—
2 Prior period depreciation - Grant Equipment		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net assets as of June 30, 2011, as restated		\$ <u>7,587,213</u>

See the accompanying auditors' report and notes to supplementary information.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Other Information

June 30, 2012

(for inclusion in the California State University)

Provide a detailed breakdown of the journal entries (at the financial statement line item level) booked to record each prior period adjustment:

	<u>Debit</u>	<u>Credit</u>
Net asset class:_____		
1 (breakdown of adjusting journal entry)	\$ —	—
Net asset class:_____		
2 (breakdown of adjusting journal entry)	—	—
Net asset class:_____		
3 (breakdown of adjusting journal entry)	—	—
Net asset class:_____		
4 (breakdown of adjusting journal entry)	—	—
Net asset class:_____		
5 (breakdown of adjusting journal entry)	—	—
Net asset class:_____		
6 (breakdown of adjusting journal entry)	—	—
Net asset class:_____		
7 (breakdown of adjusting journal entry)	—	—
Net asset class:_____		
8 (breakdown of adjusting journal entry)	—	—
Net asset class:_____		
9 (breakdown of adjusting journal entry)	—	—
Net asset class:_____		
10 (breakdown of adjusting journal entry)	—	—

See the accompanying auditors' report and notes to supplementary information.

HUMBOLDT STATE UNIVERSITY
SPONSORED PROGRAMS FOUNDATION

Notes to Supplementary Information

June 30, 2012

(1) Organization

As an auxiliary organization of the California State University (CSU), Humboldt State University Sponsored Programs Foundation (the Foundation) is required to include audited supplementary information in its financial statements in the form and content specified by the CSU. As a result, there are differences in the presentation of certain financial statement line items between the Foundation's financial statements and the supplementary schedules for the CSU.

(a) *Statement of Revenues, Expenses, and Changes in Net Assets*

For purposes of the supplementary schedule, certain revenues are consolidated into a single financial statement line.

A reconciliation of other operating revenue as of June 30, 2012, is as follows:

Statement of Revenues, Expenses, and Changes in Net Assets	
Indirect cost revenue	\$ 1,682,934
Other operating revenues	<u>1,250,028</u>
Total other operating revenues	<u><u>\$ 2,932,962</u></u>
Supplementary Schedule	
Statement of Revenues, Expenses, and Changes in Net Assets	
Other operating revenues	<u><u>\$ 2,932,962</u></u>

A reconciliation of other nonoperating revenue as of June 30, 2012, is as follows:

Statement of Revenues, Expenses, and Changes in Net Assets	
Other nonoperating revenues, net	\$ 24,810
Transfers to other campus entities	<u>(1,156,098)</u>
Total	<u><u>\$ (1,131,288)</u></u>
Supplementary Schedule	
Statement of Revenues, Expenses, and Changes in Net Assets	
Other nonoperating revenues	<u><u>\$ (1,131,288)</u></u>

SINGLE AUDIT REPORTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Humboldt State University Sponsored Programs Foundation
Arcata, California

We have audited the financial statements of the business-type activities of Humboldt State University Sponsored Programs Foundation as of and for the year ended June 30, 2012, and have issued our report thereon dated September 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of Humboldt State University Sponsored Programs Foundation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Humboldt State University Sponsored Programs Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Humboldt State University Sponsored Programs Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Humboldt State University Sponsored Programs Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance

with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to Management of Humboldt State University Sponsored Programs Foundation in a separate letter, dated September 28, 2012.

This report is intended solely for the information and use of Management, the Board of Directors, the California State University Chancellor's Office, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hunter, Hunter & Hunt

September 28, 2012

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Humboldt State University Sponsored Programs Foundation
Arcata, California

Compliance

We have audited Humboldt State University Sponsored Programs Foundation's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Humboldt State University Sponsored Programs Foundation's major federal programs for the year ended June 30, 2012. Humboldt State University Sponsored Programs Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Humboldt State University Sponsored Programs Foundation's management. Our responsibility is to express an opinion on Humboldt State University Sponsored Programs Foundation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Humboldt State University Sponsored Programs Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Humboldt State University Sponsored Programs Foundation's compliance with those requirements.

In our opinion, Humboldt State University Sponsored Programs Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

Management of Humboldt State University Sponsored Programs Foundation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Humboldt State University Sponsored Programs Foundation's internal control over compliance with the requirements that could have a direct

and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Humboldt State University Sponsored Programs Foundation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all the deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of Management, the Board of Directors, the California State University Chancellor's Office, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hunter, Hunter & Hunt

September 28, 2012

**HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

<u>PROGRAM DESCRIPTION</u>	<u>AGENCY</u>	<u>PASS-THROUGH ENTITY</u>	<u>GRANTOR OR PASS-THROUGH #</u>	<u>CFDA #</u>	<u>TOTAL EXPENDITURES</u>	<u>SUBCONTRACT EXPENDITURES</u>
Cooperative Forestry Research						
AQUATIC ORGANISM PASSAGE	Department of Agriculture - National Institute of Food & Agriculture		09-CS-11138100-042	10.202	4,228	-
M-S 10-11 #144 (ADMIN/HAN)	Department of Agriculture - National Institute of Food & Agriculture		2011-32100-06282	10.202	14,160	-
M-S 10-11 #150 (BERRILL)	Department of Agriculture - National Institute of Food & Agriculture		2011-32100-06282	10.202	9,562	-
M-S 10-11 #151 (FULGHAM)	Department of Agriculture - National Institute of Food & Agriculture		2011-32100-06282	10.202	2,760	-
M-S 10-11 #152 (RAO)	Department of Agriculture - National Institute of Food & Agriculture		2011-32100-06282	10.202	30,623	-
M-S 10-11 #153 (HAN)	Department of Agriculture - National Institute of Food & Agriculture		2011-32100-06282	10.202	10,514	-
M-S 10-11 #154 (STUBBLEFIELD)	Department of Agriculture - National Institute of Food & Agriculture		2011-32100-06282	10.202	16,735	-
M-S 10-11 #155 (VARNER)	Department of Agriculture - National Institute of Food & Agriculture		2011-32100-06282	10.202	16,336	-
M-S 11-12 #100 (ADMIN/HAN)	Department of Agriculture - National Institute of Food & Agriculture		2012-32100-06282	10.202	10,607	-
M-S 11-12 #150 (BERRILL)	Department of Agriculture - National Institute of Food & Agriculture		2012-32100-06282	10.202	9,593	-
M-S 11-12 #152 (RAO)	Department of Agriculture - National Institute of Food & Agriculture		2012-32100-06282	10.202	2,226	-
M-S 11-12 #153 (HAN)	Department of Agriculture - National Institute of Food & Agriculture		2012-32100-06282	10.202	12,480	-
M-S 11-12 #155 (VARNER)	Department of Agriculture - National Institute of Food & Agriculture		2012-32100-06282	10.202	7,049	-
				10.202 Total	146,871	-
Higher Education Challenge Grants						
RANGELAND EDUCATION	Department of Agriculture - National Institute of Food & Agriculture	Regents of the University of Idaho	GRK4997-SB-002	10.217	12,501	-
				10.217 Total	12,501	-
Higher Education Multicultural Scholars Program						
WILDLAND MC SCHOLARS	Department of Agriculture		2009-38413-05278	10.220	37,000	-
				10.220 Total	37,000	-
Integrated Programs						
HENRY'S FORK WATERSHED	Department of Agriculture		2008-51130-19555	10.303	97,627	6,050
				10.303 Total	97,627	6,050
Forestry Research						
DSTI STREAM CONDITION	Department of Agriculture - Forest Service		11-DG-11272170-094	10.652	27,425	-
FEEDSTOCKS DEV RESEARCH	Department of Agriculture - Forest Service		11-DG-11221636-203	10.652	69,373	-
OLD GROWTH FOREST STUDY	Department of Agriculture - Forest Service		09-JV-11052007-043	10.652	4,628	-
SPECIES OF CONCERN	Department of Agriculture - Forest Service		10-CA-11272141-093	10.652	17,232	-
STOCKING ASPEN @ TAHOE	Department of Agriculture - Forest Service		10-CA-11272170-034	10.652	52,425	-
TAHOE BASIN TREATMENTS	Department of Agriculture - Forest Service		08-CA-11272170-100	10.652	10,496	-
				10.652 Total	181,580	-
Cooperative Forestry Assistance						
FUELS MANAGEMENT PRACTICES	Department of Agriculture - Forest Service		09-JV-11221633-199	10.664	9,559	-
LASSEN NF TROUT	Department of Agriculture - Forest Service		09-CS-11050650-012	10.664	2,977	-
WESTERN BIOMASS MGMT TOOL	Department of Agriculture - Forest Service		09-JV-11221634-186	10.664	37,289	-
				10.664 Total	49,825	-
Forest Biomass for Energy						
BIOMASS FOR BIOENERGY	Department of Agriculture		08-JV-11221636-166	10.686	4,778	-
				10.686 Total	4,778	-
Department of Agriculture - CFDA Not Available						
ASPEN CRPB	Department of Agriculture - Forest Service		AG-91V9-C-11-0029	10.XXX	6,145	-
CEF RESEARCH & MONITORING	Department of Agriculture - Forest Service		11-CS-11052007-336	10.XXX	47,697	-
EST COARSE WOODY DEBRIS	Department of Agriculture - Forest Service		11-JV-11272162-010	10.XXX	30,475	-
LIDAR MAPPING	Department of Agriculture - Forest Service		10-PA-11051150-023	10.XXX	24,975	-
LIFE CYCLE ANALYSIS	Department of Agriculture - Forest Service		11-JV-11272139-053	10.XXX	61,763	-
NPS - TIDEWATER GOBY	Department of the Interior - National Park Service		J8C07100016	10.XXX	7,243	-
STORRIE FIRE RECOVERY	Department of Agriculture - Forest Service		10-JV-11272162-042	10.XXX	23,342	-
STORRIE FIRE REGEN	Department of Agriculture - Forest Service		10-JV-11272162-046	10.XXX	64,620	-
				10.XXX Total	266,261	-
Integrated Ocean Observing System (IOOS)						
NORCAL OCEAN OBSERVING	Department of Commerce - National Oceanic Atmospheric Administration		AB133F10SE2524	11.012	23,272	-
REGIONAL CENCOOS II	Department of Commerce - National Oceanic Atmospheric Administration	Sonoma State University	SA 110463	11.012	40,344	-
				11.012 Total	63,616	-
Financial Assistance for National Centers for Coastal Ocean Science						
PaCOOS NUTRIENTS ANALYSIS	Department of Commerce - National Oceanic Atmospheric Administration		NFFR7500-9-22827	11.426	1,206	-
PACCOOS TECHNICIAN 09-10	Department of Commerce - National Oceanic Atmospheric Administration		NFFR7500-9-22045	11.426	10,133	-
				11.426 Total	11,339	-
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes						
FRESHWATER FISH ECOLOGY	Department of Commerce - National Oceanic Atmospheric Administration	Southwest Fisheries Science Center	10313241	11.432	127,956	-
				11.432 Total	127,956	-
Cooperative Fishery Statistics						
SURVEY COMPARISON	Department of Commerce - National Oceanic Atmospheric Administration		AB133F06SE5289	11.434	10,504	-
				11.434 Total	10,504	-

**HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

<u>PROGRAM DESCRIPTION</u>	<u>AGENCY</u>	<u>PASS-THROUGH ENTITY</u>	<u>GRANTOR OR PASS-THROUGH #</u>	<u>CFDA #</u>	<u>TOTAL EXPENDITURES</u>	<u>SUBCONTRACT EXPENDITURES</u>
Pacific Coast Salmon Recovery Pacific Salmon Treaty Program						
RARE PLANT SURVEY 10-14	Department of Commerce - National Oceanic Atmospheric Administration	Fish & Game, Department of (DFG)	P0910501	11.438	647,466	36,303
				11.438 Total	647,466	36,303
Marine Mammal Data Program						
GRAY WHALE SURVEY	Department of Commerce - National Oceanic Atmospheric Administration		RA133F-11-SE-1853	11.439	3,600	-
GRAY WHALE/STELR SEALION 12/13	Department of Commerce - National Oceanic Atmospheric Administration		AB-133F-12-SE-1271	11.439	858	-
STELLER SEA LION II	Department of Commerce - National Oceanic Atmospheric Administration		AB133F11SE1078	11.439	11,126	-
THD 10-11	Department of Commerce - National Oceanic Atmospheric Administration		RA133R-07-SE-3077	11.439	920	-
THD 11-12	Department of Commerce - National Oceanic Atmospheric Administration		RA133R-07-SE-3077	11.439	152,165	-
				11.439 Total	168,668	-
Cooperative Science and Education Program						
BIO-PHYSICAL COASTAL MODEL	Department of Commerce - National Oceanic Atmospheric Administration		AB133F09SE3078	11.455	7,450	-
OTOLITH GROWTH ANALYSIS	Department of Commerce - National Oceanic Atmospheric Administration		AB133F09SE3075	11.455	12,280	-
				11.455 Total	19,730	-
Unallied Science Program						
DISEASE REDUCTION - KLAMATH II	Department of Commerce - National Oceanic Atmospheric Administration	Oregon State University, Post Award Administration	NA231A-A	11.472	35,827	-
				11.472 Total	35,827	-
Coastal Services Center						
REGIONAL CENCOS	Department of Commerce - National Oceanic Atmospheric Administration	Monterey Bay Aquarium Research Institute	PO#0811144	11.473	61,608	18,648
				11.473 Total	61,608	18,648
Center for Sponsored Coastal Ocean Research Coastal Ocean Program						
OTOLITH GROWTH DATA	Department of Commerce - National Oceanic Atmospheric Administration		JH133F08SE4656	11.478	5,556	-
				11.478 Total	5,556	-
Cultural Resource Management						
BLM CA GEOGRAPHY CESU	Department of the Interior - Bureau of Land Management		L10AC20362	15.224	3,265	-
KING RANGE NCA	Department of the Interior - Bureau of Land Management		L11AC20219	15.224	6,709	-
				15.224 Total	9,975	-
Fish, Wildlife and Plant Conservation Resource Management						
BLM GEODATABASE	Department of the Interior - Bureau of Land Management		L10AC20293	15.231	3,480	-
PELICAN-CORMORANT STRATEGY I	Department of the Interior - Bureau of Land Management		L08AC13271	15.231	50,213	-
REDDING ROCK SEABIRD	Department of the Interior - Bureau of Land Management		L08AC13270	15.231	527	-
STELLER'S JAY FORAGING	Department of the Interior	Redwood National Park	H8480080077	15.231	2,000	-
				15.231 Total	56,220	-
Forests and Woodlands Resource Management						
FUEL LOADING SURVEY	Department of the Interior - Bureau of Land Management		L10AC20386-0007	15.233	8,608	-
HEADWATERS LANDSLIDE	Department of the Interior - Bureau of Land Management		L10AC20386 AMD 002	15.233	436	-
HFR VISITOR SURVEY	Department of the Interior - Bureau of Land Management		L10AC20386-0006	15.233	10,754	-
NLCS HEADWATERS	Department of the Interior - Bureau of Land Management		L10AC20386 - A	15.233	7,721	-
REFORESTATION NLCS	Department of the Interior - Bureau of Land Management		L10AC20386-CG	15.233	5,780	-
SALMON CREEK WATERSHED	Department of the Interior - Bureau of Land Management		L10AC20386 AMD 003	15.233	4,840	-
				15.233 Total	38,140	-
Challenge Cost Share						
LACKS CREEK STUDY	Department of the Interior - Bureau of Land Management		L10AC16337	15.238	1,208	-
				15.238 Total	1,208	-
Central Valley Project Improvement Act, Title XXXIV						
WESTERN POND TURTLE	Department of the Interior - Bureau of Reclamation		R10AC20019	15.512	12,986	-
				15.512 Total	12,986	-
Fish and Wildlife Management Assistance						
EVALUATION & HABITAT MODELING	Department of the Interior - Fish and Wildlife Services		813339G031	15.608	(685)	-
MCCLOUD REDBAND TROUT	Department of the Interior - Fish and Wildlife Services		81330-7-J602	15.608	5,150	-
				15.608 Total	4,466	-
Coastal Program						
BIRD SURVEYS IN SALT MARSH	Department of the Interior - Fish and Wildlife Services		F09AC00367	15.630	5,283	-
CASTLE ROCK MURRE	Department of the Interior - Fish and Wildlife Services		F08AC00228	15.630	41,888	-
				15.630 Total	47,170	-
Migratory Bird Joint Ventures						
EELGRASS MODEL PHASE II	Department of the Interior - U.S. Geological Survey	Ducks Unlimited, Inc.	US-WA-237-1	15.637	2,115	-
WETLAND POSITION	Department of the Interior - Fish and Wildlife Services	Ducks Unlimited, Inc.	US-WA-122-3	15.637	29,853	-
				15.637 Total	31,968	-
Challenge Cost Share						
IZEMBEK BRANT STUDY	Department of the Interior - Fish and Wildlife Services		70181AJ570	15.642	(286)	-
HUMBOLDT BRANT STUDY	Department of the Interior - Fish and Wildlife Services		F10AC00823	15.642	2,673	-
				15.642 Total	2,387	-
Research Grants (Generic)						
IZEMBEK BRANT II	Department of the Interior - Fish and Wildlife Services		F11AC00614	15.650	10,409	-
				15.650 Total	10,409	-

**HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

<u>PROGRAM DESCRIPTION</u>	<u>AGENCY</u>	<u>PASS-THROUGH ENTITY</u>	<u>GRANTOR OR PASS-THROUGH #</u>	<u>CFDA #</u>	<u>TOTAL EXPENDITURES</u>	<u>SUBCONTRACT EXPENDITURES</u>
Migratory Bird Monitoring, Assessment and Conservation						
COMMON MURRE III	Department of the Interior - Fish and Wildlife Services		F10AC00838	15.655	185,687	-
				15.655 Total	185,687	-
Endangered Species Conservation – Recovery Implementation Funds						
HABITAT SYNTHESIS	Department of the Interior - Fish and Wildlife Services		13420B0399	15.657	13,411	-
SPOTTED OWL MODELING	Department of the Interior - Fish and Wildlife Services		F11AC00136	15.657	26,755	-
				15.657 Total	40,167	-
Natural Resource Damage Assessment, Restoration and Implementation						
COMMON MURRE III - A	Department of the Interior - Fish and Wildlife Services		F10AC00838	15.658	99,505	-
				15.658 Total	99,505	-
U.S. Geological Survey, Research and Data Collection						
FOREST FLOOR FIRE MODEL	Department of the Interior - U.S. Geological Survey		G10AC00703	15.808	69,248	-
				15.808 Total	69,248	-
Cooperative Research Units Program						
CCV ASSESSMENT	Department of the Interior - U.S. Geological Survey		1434-HQ-97-RU-01547	15.812	28,981	-
EVALUATING GRASSLAND & WETLAND	Department of the Interior - U.S. Geological Survey		G11AC20513	15.812	3,059	-
KLAMATH REMS FISHERIES	Department of the Interior		1434-HQ-97-RU-01547	15.812	20,778	-
T. GOBY GENETICS II	Department of the Interior - Fish and Wildlife Services		G11AC20157	15.812	21,622	-
UPPER KLAMATH CVC	Department of the Interior - U.S. Geological Survey		G11AC20552	15.812	63,686	-
				15.812 Total	138,124	-
National Register of Historic Places						
PANAMNIK NRHP	Department of the Interior - National Park Service		AG-9A47-P-12-0016	15.914	8,306	-
				15.944 Total	8,306	-
Natural Resource Stewardship						
HARDING GRASS CONTROL	Department of the Interior - National Park Service		P11AT81055	15.944	6,433	-
				15.944 Total	6,433	-
Cooperative Research and Training Programs – Resources of the National Park System						
GEOLOGIC MAPPING RNP	Department of the Interior - National Park Service		J8C07110009	15.945	2,586	-
KATMAI PARK TREES	Department of the Interior - National Park Service		J8C0710001	15.945	27,716	-
YOSEMITE WILDERNESS	Department of the Interior - National Park Service		J8C07090002	15.945	2,627	-
				15.945 Total	32,929	-
Department of the Interior - CFDA Not Available						
CORVID MONITORING PROGRAM	Department of the Interior - National Park Service		P11AT80705	15.XXX	4,799	-
DOWNED MURRELET	Department of the Interior - Fish and Wildlife Services		F08AC00214	15.XXX	151	-
ECOLOGY-LITTLE BALD HILLS	Department of the Interior - National Park Service		J213108A011	15.XXX	1,198	-
JAY CTA	Department of the Interior - National Park Service		J8485100027	15.XXX	33,621	-
MURRELET COMMUNICATION STRATEG	Department of the Interior - National Park Service		J8485090011	15.XXX	787	-
SEQUOIA WILDERNESS	Department of Agriculture - Forest Service		10-JV-11221636-250	15.XXX	29,464	-
TRICOLORED BLACKBIRD	Department of the Interior - Fish and Wildlife Services		F10PX80127	15.XXX	20,614	-
				15.XXX Total	90,635	-
Mathematical and Physical Sciences						
RUI: PARALLEL PLATE TORSION	National Science Foundation		1065697	47.049	30,980	-
				47.049 Total	30,980	-
Geosciences						
YAKIMA FOLD BELT	Department of the Interior - U.S. Geological Survey		G10AC00686	47.05	29,166	-
				47.05 Total	29,166	-
Geosciences						
ANCIENT MAYA SOCIETY & ENV.	National Science Foundation	University of Puerto Rico	SA-2011-002	47.050	13,353	-
COSEE PACIFIC	National Science Foundation	Oregon State University, Post Award Administration	207391E	47.050	18,389	-
MARINE BRYOZOA	National Science Foundation		OCE-1061695	47.050	103,846	54,416
POC RIVER DISCHARGE	National Science Foundation		628490	47.050	6,287	-
SUNDA EARTHQUAKES	National Science Foundation		EAR-0809417	47.050	25,958	-
				47.050 Total	167,834	54,416
Biological Sciences						
ACID HOT LAKE	National Science Foundation		702018	47.074	102,379	-
ECOLOGY & EVOLUTION II	National Science Foundation		755466	47.074	7,129	-
FEI QUANTA 250	National Science Foundation		DBI-1126200	47.074	455,969	-
HARNESSING HERBARIA	National Science Foundation	Regents of the University of California	7361	47.074	7,590	-
RS SENSORIMOTORS	National Science Foundation		IOS-0823358	47.074	64,710	-
URM BIO & NAT SCIENCES AT HSU	National Science Foundation		DBI-0934022	47.074	209,200	-
VASCULAR PLANT HERBARIUM	National Science Foundation		847888	47.074	22,116	-
WET LAB RENOVATION	National Science Foundation		934427	47.074	78,090	-
				47.074 Total	947,182	-
International Science and Engineering (OISE)						
IRES	National Science Foundation		OISE-1131725	47.079	30,509	-
JAMAICA COFFEE FARM	National Science Foundation		803430	47.079	2,514	-
				47.079 Total	33,023	-

**HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

<u>PROGRAM DESCRIPTION</u>	<u>AGENCY</u>	<u>PASS-THROUGH ENTITY</u>	<u>GRANTOR OR PASS-THROUGH #</u>	<u>CFDA #</u>	<u>TOTAL EXPENDITURES</u>	<u>SUBCONTRACT EXPENDITURES</u>
ARRA - Trans-NSF Recovery Act Research Support						
ERE MASTERS TRAINING	National Science Foundation		DGE - 1011464	47.082	142,858	-
FUNGAL DVRSTY IN GUIANA SHIELD	National Science Foundation		918591	47.082	111,901	-
				47.082 Total	254,759	-
P3 Award: National Student Design Competition for Sustainability						
P3 PHASE II	Environmental Protection Agency	Other	83474901	66.516	27,907	-
				66.516 Total	27,907	-
Renewable Energy Research and Development						
HYDROGEN EDUCATION	Department of Energy		DE-FG36-08GO18107	81.087	36,990	4,196
				81.087 Total	36,990	4,196
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance						
HYTEC - UC BERKELEY	Department of Energy	University of California - Berkeley	SA4615-10388	81.117	6,371	-
				81.117 Total	6,371	-
Department of Energy - CFDA Not Available						
WOODY BIOMASS	Department of Energy	University of Washington	424	81.XXX	3,771	-
LBNL SLED	Department of Energy	Regents of the University of California	7014205	81.XXX	11,397	-
				81.XXX Total	15,167	-
Allergy, Immunology and Transplantation Research						
RICKETTSIAL SYMBIONT TICK MODL	Department of Health and Human Services		1R15AI082515-01	93.855	63,450	-
				93.855 Total	63,450	-
RESEARCH AND DEVELOPMENT TOTAL					4,447,504	119,613
TRIO - Student Support Services						
STUDENT SUPPORT SVCS 10/15	Department of Education		P042A100520	84.042	365,941	-
				84.042 Total	365,941	-
TRIO - Talent Search						
TALENT SEARCH 07-08	Department of Education		P044A070324	84.044	21	-
TALENT SEARCH 10-11	Department of Education		PO44A070324-09	84.044	51,081	-
TALENT SEARCH 11/16	Department of Education		P044A110451	84.044	335,601	-
				84.044 Total	386,702	-
TRIO - Upward Bound						
UPWARD BOUND 09-10	Department of Education		P047A070222-09	84.047	228	-
UPWARD BOUND 10-11	Department of Education		P047A070222-10	84.047	116,009	-
UPWARD BOUND 11/12	Department of Education		P047A70222-11	84.047	123,521	-
				84.047 Total	239,758	-
TRIO CLUSTER TOTAL					992,401	-
Small Business Development Centers						
ALAMEDA SBDC 2011	Small Business Administration		1-603001-Z-0065A0601	59.037	209,898	59,127
ALAMEDA SBDC 2012	Small Business Administration		2-603001-Z-0065	59.037	162,732	1,476
CABRILLO SBDC 2011	Small Business Administration		1-603001-Z-0065A0601	59.037	128,026	128,026
CABRILLO SBDC 2012	Small Business Administration		2-603001-Z-0065	59.037	31,665	31,665
CONTRA COSTA SBDC 2011	Small Business Administration		1-603001-Z-0065A0601	59.037	194,872	194,872
CONTRA COSTA SBDC 2012	Small Business Administration		2-603001-Z-0065	59.037	15,033	15,033
MENDOCINO SBDC 2011	Small Business Administration		1-603001-Z-0065A0601	59.037	42,315	42,315
MENDOCINO SBDC 2012	Small Business Administration		2-603001-Z-0065	59.037	20,376	20,376
NAPA SBDC 2011	Small Business Administration		1-603001-Z-0065A0601	59.037	85,000	85,000
NAPA SBDC 2012	Small Business Administration		2-603001-Z-0065	59.037	16,468	16,468
NORCAL SBDC LEAD 2011	Small Business Administration		1-603001-Z-0065A0601	59.037	339,499	-
NORCAL SBDC LEAD 2012	Small Business Administration		2-603001-Z-0065	59.037	413,016	8,033
NORTH COAST SBDC 2011	Small Business Administration		1-603001-Z-0065A0601	59.037	112,682	112,682
SAN FRANCISCO SBDC 2011	Small Business Administration		1-603001-Z-0065A0601	59.037	223,664	223,664
SBDC 2010 CARRYOVER	Small Business Administration		1-603001-Z-0065-06-2	59.037	118,110	43,757
SBDC JOBS BILL ALAMEDA	Small Business Administration		1-603001-Z-0110	59.037	47,414	-
SBDC JOBS BILL CABRILLO	Small Business Administration		1-603001-Z-0110	59.037	25,588	25,588
SBDC JOBS BILL CONTRA COSTA	Small Business Administration		1-603001-Z-0110	59.037	12,631	12,631
SBDC JOBS BILL LEAD	Small Business Administration		1-603001-Z-0110	59.037	81,389	-
SBDC JOBS BILL MENDOCINO	Small Business Administration		1-603001-Z-0110	59.037	14,809	14,809
SBDC JOBS BILL NAPA VALLEY	Small Business Administration		1-603001-Z-0110	59.037	15,180	15,180
SBDC JOBS BILL NORTH COAST	Small Business Administration		1-603001-Z-0110	59.037	14,130	14,130
SBDC JOBS BILL SAN FRANCISCO	Small Business Administration		1-603001-Z-0110	59.037	25,808	25,808
SBDC JOBS BILL SILICON VALLEY	Small Business Administration		1-603001-Z-0110	59.037	43,095	-
SBDC JOBS BILL SOLANO	Small Business Administration		1-603001-Z-0110	59.037	17,829	17,829
SBDC JOBS BILL SONOMA	Small Business Administration		1-603001-Z-0110	59.037	17,118	17,118
SBDC JOBS BILL TAP	Small Business Administration		1-603001-Z-0110	59.037	30,077	10,513
SILICON VALLEY SBDC 2011	Small Business Administration		1-603001-Z-0065A0601	59.037	84,893	-
SILICON VALLEY SBDC 2012	Small Business Administration		2-603001-Z-0065	59.037	105,783	-
SOLANO SBDC 2011	Small Business Administration		1-603001-Z-0065A0601	59.037	88,238	88,238
SOLANO SBDC 2012	Small Business Administration		2-603001-Z-0065	59.037	34,797	34,797

**HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

<u>PROGRAM DESCRIPTION</u>	<u>AGENCY</u>	<u>PASS-THROUGH ENTITY</u>	<u>GRANTOR OR PASS-THROUGH #</u>	<u>CFDA #</u>	<u>TOTAL EXPENDITURES</u>	<u>SUBCONTRACT EXPENDITURES</u>
SONOMA SBDC 2011	Small Business Administration		1-603001-Z-0065A0601	59.037	207,228	207,228
TAP SBDC 2011	Small Business Administration		1-603001-Z-0065A0601	59.037	29,220	-
YEP ENTREPREN 11-12	Small Business Administration	Cabrillo Community College District	N/A	59.037	10,930	8,720
				59.037 Total	3,019,515	1,475,083
SMALL BUSINESS ADMINISTRATION TOTAL					3,019,515	1,475,083
Cooperative Extension Service						
NATIVE AMERICAN FOOD SECURITY	Department of Agriculture - National Institute of Food & Agriculture	University of California, Davis	SA7699	10.500	427	-
				10.500 Total	427	-
Department of Agriculture - CFDA Not Available						
CEF DATA COLLECTION	Department of Agriculture - Forest Service		11-CS-11051000-023	10.XXX	48,531	-
CNRS RECRUITER	Department of Agriculture - Forest Service		11-CS-11052000-317	10.XXX	20,000	-
				10.XXX Total	68,531	-
Endangered Species Conservation – Recovery Implementation Funds						
PROF DEV FELLOWSHIP	Department of the Interior - Fish and Wildlife Services		F11AC01089	15.657	10,276	-
				15.657 Total	10,276	-
Department of the Interior - CFDA Not Available						
NORTHERN SPOTTED OWL SCI REVIEW	Department of the Interior - Fish and Wildlife Services		1342000443	15.XXX	2,500	-
PFE REVIEW	Department of the Interior - Fish and Wildlife Services	AECOM, Technical Services, Inc.	11S-14273-LB10	15.XXX	12,594	-
				15.XXX Total	15,094	-
Computer and Information Science and Engineering						
ROLE MODELS IN SCI II	National Science Foundation		755582	47.070	6,732	-
				47.070 Total	6,732	-
Education and Human Resources						
CA COAST NOYCE SCHOLARS	National Science Foundation		934703	47.076	157,296	100,341
CELP	National Science Foundation	University Enterprises, Inc.	517441B	47.076	415,424	18,520
CSU AMP 10-11	National Science Foundation	University Enterprises, Inc.	HRD-0802628-515313	47.076	2,645	-
CSU AMP 11-12	National Science Foundation	University Enterprises, Inc.	HRD-0802628-515314	47.076	42,504	-
FELLOWS CSU AMP 10-11	National Science Foundation	University Enterprises, Inc.	518601	47.076	5,857	-
FELLOWS CSU AMP 11-12	National Science Foundation	University Enterprises, Inc.	520101	47.076	6,000	-
HEATH - GRFP	National Science Foundation		DGE-1049702	47.076	6,862	-
MCCOVEY, GRFP	National Science Foundation		1049702	47.076	31,148	-
MESA SCHOLARSHIP-DUNNE	National Science Foundation	Regents of the University of California	11-MESA-324218-84-11	47.076	3,125	-
SLSP	National Science Foundation		DUE-0631181	47.076	13,908	-
CSU AMP 12-13	National Science Foundation	University Enterprises, Inc.	HRD-0802628-515315	47.076	7,304	-
				47.076 Total	692,073	118,861
National Science Foundation - CFDA Not Available						
IPA ASSIGNMENT - NSF	National Science Foundation		DUE-1148754	47.XXX	198,549	-
				47.XXX Total	198,549	-
Child Care Access Means Parents in School						
CCAMPIS CHILDCARE 09-10	Department of Education		P335A090051	84.335	7,936	-
CCAMPIS CHILDCARE 10-11	Department of Education		P335A090051-10	84.335	34,747	-
CCAMPIS CHILDCARE 11-12	Department of Education		P335A090051-11	84.335	54,810	-
				84.335 Total	97,492	-
Improving Teacher Quality State Grants						
RSP NCLB 11-12	Department of Education	Regents of the University of California	NCLB8-CSP-HUMBOLDT	84.367	21,030	-
RWP NCLB 11-12	Department of Education	Regents of the University of California	NCLB8-CWP-HUMBOLDT	84.367	42,472	-
				84.367 Total	63,502	-
National Writing Project						
NWP 10/11	Department of Education	University of California - Berkeley	92-CA01	84.928	22,044	-
NWP 11/12	Department of Education	University of California - Berkeley	92-CA01	84.928	23,168	-
				84.928 Total	45,212	-
ARRA - Strengthening Communities Fund						
CA SCF APPLICATION	Department of Health and Human Services		90SN0050	93.711	231,582	-
				93.711 Total	231,582	-

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

<u>PROGRAM DESCRIPTION</u>	<u>AGENCY</u>	<u>PASS-THROUGH ENTITY</u>	<u>GRANTOR OR PASS-THROUGH #</u>	<u>CFDA #</u>	<u>TOTAL EXPENDITURES</u>	<u>SUBCONTRACT EXPENDITURES</u>
Homeland Security Grant Program						
- INTEROPERABLE COMMUNICATIONS	Department of Homeland Security	California State University, Office of the Chancellor	2009-0019/ID#000-920	97.067	22,201	-
				97.067 Total	22,201	-
OTHER TOTAL					1,451,671	118,861
TOTAL FEDERAL AND FEDERAL PASS-THROUGH AWARDS					\$ 9,911,091	\$ 1,713,558

HUMBOLDT STATE UNIVERSITY
SPONSORED PROGRAMS FOUNDATION

Notes to Schedule of Expenditures of Federal Awards

June 30, 2012

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Humboldt State University Sponsored Programs Foundation (the Foundation) under programs of the federal government for the year ended June 30, 2012. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

(2) Summary of Significant Accounting Policies

(a) *Expenditures*

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(b) *Pass-through Entities*

Pass-through entity identifying numbers are presented where available.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
Material weakness(es) identified? _____ Yes X No
Significant deficiencies identified not considered
to be material weakness(es)? _____ Yes X None reported

Noncompliance material to financial statements
noted: _____ Yes X No

Federal Awards

Internal control over major programs:
Material weakness(es) identified? _____ Yes X No
Significant deficiencies identified not considered
to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued: Unqualified

Any audit findings disclosed that are required to be
Reported in accordance with Circular A-133,
Section .510(a) _____ Yes X No

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>Various</u>	<u>Research and Development Cluster</u>
<u>Various</u>	<u>TRIO Cluster</u>
<u>59.037</u>	<u>Small Business Development Centers</u>
<u>93.711</u>	<u>ARRA Strengthening Communities Fund</u>
<u>47.076</u>	<u>Education and Human Resources</u>
<u>47.XXX</u>	<u>National Science Foundation- IPA Assignment</u>

Dollar threshold used to distinguish between Types
A and B programs: \$300,000

Auditee qualified as low-risk auditee? _____ Yes X No

**HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012**

SECTION II - FINDINGS FINANCIAL STATEMENT AUDIT

No findings.

**SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD
PROGRAMS AUDIT**

No findings or questioned costs.

In addition, there were no findings and questioned costs relative to federal awards for the fiscal year ended June 30, 2011. As such, a Summary Schedule of Prior Audit Findings is not included in this report.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
NOTES TO THE SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

The following is additional information for each Recovery Act program:

Federal Grantor:	National Science Foundation
Program or Cluster Title:	Research and Development
Federal CFDA Number:	47.082
Project description	ERE Master Training
Was the funding a Type A program or cluster?	<u> X </u> Yes <u> </u> No
Tested as a major program for the current audit period:	<u> X </u> Yes <u> </u> No

Federal Grantor:	National Science Foundation
Program or Cluster Title:	Research and Development
Federal CFDA Number:	47.082
Project description	Fungal Diversity in Guiana Shield
Was the funding a Type A program or cluster?	<u> X </u> Yes <u> </u> No
Tested as a major program for the current audit period:	<u> X </u> Yes <u> </u> No

Federal Grantor:	Dept. of Health and Human Services
Program or Cluster Title:	Strengthening Communities Fund
Federal CFDA Number:	93.711
Project description	Nonprofit Capacity Building
Was the funding a Type A program or cluster?	<u> X </u> Yes <u> </u> No
Tested as a major program for the current audit period:	<u> X </u> Yes <u> </u> No